

big oil two weeks ago to discuss this 80/20 corporate problem and I sat down with the State Tax Commission Don Leuenberger and also with the Governor's Chief of Staff Hans Brisch and I learned these things. Number one, last year the Governor and the Tax Commissioner told the friends of big oil that they would look at the 80/20 issue. Number two, they really didn't look at it. I don't think they looked at it. I think they said they would look at it, but I don't think they did. Number three, that big oil simply wants to run this 80/20 amendment right now and finally, number four, I said that the Revenue Committee would examine the issue carefully over the summer and fall so that next year we could respond to the issue. The first thing that I have to do literally as the Chairman of revenue, and seven members have to do, is, members of that committee, is to understand the issue, is to understand it. This has got to be the most esoteric, subtle, difficult issue that I've had to address in my ten years here, and I genuinely do not understand the issue. I do not understand it. So I can't get up to you, can't get up and say definitively you should do this or you should not do this. So it's bad policy, for me at least, to be talking to you about a tax amendment without having a good sense as to what it actually does. The Department of Revenue does not have any idea as to what the Conway amendment would cost, no idea as to what it would cost. Is it a \$2 million loser, a \$5 million loser, is it revenue neutral, can we gain money? They genuinely do not know, they do not know exactly what the cost of the Conway amendment is going to be. Furthermore, we're not sure what to do with something called the deduction for foreign taxes paid. We, Nebraska, does provide a deduction against the income of corporations that do business overseas for foreign taxes paid. Now we don't provide a deduction, incidentally, against the income of national corporations for federal income taxes paid. We don't provide a similar deduction. The tax study says you ought not to provide the foreign tax deduction. That's what the tax study says. So if you're going to deal with the 80/20 corporation, you're dealing with a corporation that is a domestic corporation but doing business abroad. The appropriate time to look at the foreign tax deduction is when you study that issue. We don't know yet definitively what we ought to do with the issue. I tell you from the bottom of my heart this issue is premature, this amendment is premature, you would make a mistake and I would make a mistake if we supported it.

SPEAKER BARRETT: Thank you. Senator Hannibal, followed by